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ANDOVER MINING
& EXPLORATION
LIMITED

SEP 23 1963



REPORT to SHAREHOLDERS

September 11, 1963

ANDOVER MINING & EXPLORATION LIMITED

OFFICERS

AND

DIRECTORS

L. J. Moreaux	President and Director
S. A. Perry	Vice-President and Director
G. D. Pattison	Secretary-Treasurer and Director
R. D. Bell	Assistant Secretary-Treasurer
D. D. Martin	Director
A. J. Gravelle	Director
J. M. Breckenridge	Director

AUDITORS

BANKERS

TRANSFER AGENT

Thorne, Mulholland, Howson & McPherson	Toronto
Canadian Imperial Bank of Commerce	Toronto
Guaranty Trust Company of Canada	Toronto

ANDOVER MINING & EXPLORATION LIMITED

SUITE 405 - 25 ADELAIDE ST. WEST
TORONTO 1, ONTARIO

To the Shareholders,
ANDOVER MINING & EXPLORATION LIMITED.

Submitted herewith is the financial statement of your Company for the period from May 1, 1959 to July 31, 1963, with Auditors' Report thereon dated August 23, 1963.

The diamond drilling program which commenced in the fall of 1958 on the Company's group of thirty-eight unpatented mining claims located in Townships 168 and 175 near Iron Bridge, Ontario, was suspended in the year 1960 due to the exhaustion of the Company's funds. This drilling program which consisted of 30,133 feet of diamond drilling in 75 holes, indicated according to Mr. Ben W. Chechak, B.Sc., Consulting Geologist, a total of 547,000 tons of material grading about 2% copper.

Sufficient work has been done on the said claims to apply for patents or leases thereon which must be done in order to retain the claims. Before patents or leases can be applied for under the provisions of The Mining Act, Ontario, a boundary survey must be completed and the required fees paid to the Treasurer of Ontario.

Repeated efforts have been made by management to raise funds for the Company through the sale of its treasury shares or through participation by other companies so that its operations may be continued, but negotiations with various underwriters and other companies have not been successful.

By an agreement dated August 15, 1963, made between your Company and Cornerstone Investment Corporation Limited, the Company has undertaken to sell its thirty-eight unpatented mining claims in Townships 168 and 175 near Iron Bridge, Ontario, to a new company to be incorporated with an authorized capital of 5,000,000 shares of \$1.00 par value and to be known as Crownbridge Copper Mines Limited, for a consideration consisting of \$5,000.00 cash and 900,000 shares (10% free and 90% escrowed) of such new company. Cornerstone Investment Corporation Limited has undertaken to underwrite 200,000 shares of the new company at 15¢ per share and is to be granted options to purchase a further 800,000 shares exercisable as follows:

- 200,000 shares @ 15¢ within six months of the date of
the underwriting agreement;
- 200,000 shares @ 17½¢ within nine months;
- 200,000 shares @ 20¢ within twelve months;
- 200,000 shares @ 25¢ within fifteen months.

In consideration for consultations, information and advice regarding the said mining claims, your Company is to receive from the said new company up to \$15,000.00 payable \$5,000.00 out of the proceeds of each of the first three options mentioned above, only if same are fully exercised, or a proportionate lesser amount if same are exercised in part. Upon completion of the matters contemplated under this

agreement, your Company is required to transfer to Cornerstone Investment Corporation Limited 360,000 escrowed shares out of the 900,000 shares which it is to receive from the said new company.

This agreement is subject to the approval of the shareholders of this Company and is considered in the opinion of your Company's management as the only available method under which the said mining claims can be further developed and brought to lease or patent as required. In addition the funds to be received by your Company under this agreement, amounting to a minimum of \$5,000.00 and a maximum of \$20,000.00, will permit reduction of your Company's liabilities and permit maintenance of its corporate existence. If the new company is successful in the development of the mining claims, its shares could become of value.

At the forthcoming Annual and Special General Meeting of Shareholders the approval of the agreement dated August 15, 1963 made between this Company and Cornerstone Investment Corporation Limited, and as contemplated thereunder, the approval of the sale of the Company's thirty-eight mining claims in Townships 168 and 175 of the Province of Ontario to a new company, will be considered. Your favourable vote in this matter is respectfully solicited.

Your Company continues to hold forty-three patented mining claims near Fountain Lake in the Moss Township area of the Port Arthur Mining Division, Ontario four unpatented mining claims in Joan Township and four leased claims in Yates Township, Temiskaming Mining Division, Ontario.

Submitted on behalf of the Board,

L. J. MOREAUX,

President.

Toronto, Ontario,
September 11, 1963.

THORNE, MULHOLLAND, HOWSON & McPHERSON
 CHARTERED ACCOUNTANTS
 TORONTO

ONTARIO PARTNERS

R. S. McPHERSON	K. A. MAPP
H. E. CRATE	G. R. FERGUSON
T. M. CHASE	H. F. CUMMING
L. W. TRUMBLE	E. P. HUDSON
R. J. KANE	J. L. DAVIDSON
W. D. CASKEY	C. H. SPRY
W. B. WELDON	G. E. BARR
J. W. VAIR	G. N. SAUNDERS
J. B. HOWSON	J. M. MULHOLLAND
W. A. BRADSHAW	D. M. HAIG
W. B. STAPELLS	A. B. SHEPARD
S. H. SORLEY	W. H. MOORE

GALT	KITCHENER	LONDON
WINNIPEG	CALGARY	EDMONTON
VANCOUVER	MONTREAL	HALIFAX
SAINT JOHN	NASSAU, BAHAMAS	

SUITE 902
 111 RICHMOND STREET WEST
 TORONTO 1, ONT.

AUDITORS' REPORT

To the Shareholders of
 Andover Mining & Exploration Limited:

We have examined the balance sheet of Andover Mining & Exploration Limited as at July 31, 1963 and the statements of deficit and deferred expenditures for the fifty-one months from May 1, 1959 to July 31, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of deficit and deferred expenditures present fairly the financial position of the company as at July 31, 1963 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Toronto, Canada,
August 23, 1963.

Thorne, Mulholland, Howson & McPherson
Chartered Accountants

ANDOVER MINING & EXPLORATION LIMITED
Incorporated under the laws of Ontario

BALANCE SHEET

July 31, 1963

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- ASSETS -

Current assets:

Cash.	7.11
Investments in mining and oil companies at nominal value.	1.00
Investment in and advances to subsidiary company, at nominal value (note 1).	1.00
Mining lands and claims, at the consideration given therefor consisting of 21,500 shares of capital stock valued at \$72,666.67 and \$43,424.31 cash (note 2)	116,090.98
Deferred expenditures	213,160.82
	<u>\$329,260.91</u>

- LIABILITIES -

Current liabilities:

Accounts payable and accrued expenses	11,048.97	
Due to directors.	<u>8,836.01</u>	19,884.96

- SHAREHOLDERS' EQUITY -

Capital stock:

Authorized, 5,000,000 shares, par value 25¢ each		
Issued, 1,786,348 shares (note 3)	446,587.00	
Contributed surplus	<u>148,217.36</u>	
	594,804.36	
Deficit	<u>285,428.43</u>	<u>309,375.93</u>
		<u>\$329,260.91</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board.

..... Director.

Director.

This is the balance sheet referred to in our report to the shareholders dated August 23, 1963.

Thorne, Mulholland, Houson & Mulherson
Chartered Accountants

ANDOVER MINING & EXPLORATION LIMITED

NOTES TO FINANCIAL STATEMENT

Fifty-one months from May 1, 1959 to July 31, 1963

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1. Investment in and advances to the subsidiary company, Cable Copper Mines Limited, have been written down to a nominal value of \$1.00, as the company is inactive and without funds. For this reason the accounts of the subsidiary have not been consolidated herein.

The charters of the company's other two inactive subsidiaries, Mid-City Investment Corporation Limited and Andover Investment Corporation Limited, which are without assets, have been deposited with the Provincial Secretary of Ontario for surrender in due course, and the investment in and advances to these companies have been completely written off.

The write-offs relating to subsidiary companies, which have been charged to deficit, are as follows:

	<u>Shares</u>	<u>Cost of Shares</u>	<u>Advances</u>	<u>Total</u>
<u>Partly-owned subsidiary (80%):</u>				
Cable Copper Mines Limited .	600,000	16,000.00	26,754.99	42,754.99
<u>Wholly-owned subsidiaries:</u>				
Mid-City Investment Corporation Limited. . . .	100	100.00	56,629.76	56,729.76
Andover Investment Corporation Limited. . . .	100	100.00	158,457.82	158,557.82
		16,200.00	241,842.57	258,042.57
<u>Deduct Nominal value attached to investment in Cable Copper Mines Limited, per balance sheet.</u>		1.00		1.00
		<u>\$16,199.00</u>	<u>\$241,842.57</u>	<u>\$258,041.57</u>

2. By agreement dated August 15, 1963, and subject to the approval of the shareholders, the company has undertaken to sell 38 unpatented mining claims in Townships 168 and 175 in the Sault Ste. Marie mining division of Ontario, to a new company to be incorporated with authorized capital of 5,000,000 shares of \$1.00 par value, for a consideration of 900,000 shares (90% escrowed) of the new company and \$5,000.00 cash.

The other party to this agreement has undertaken to underwrite 200,000 shares of the capital stock of the new company at 15¢ per share, and in consideration therefor is to be granted options on a further 800,000 shares exercisable as follows:

ANDOVER MINING & EXPLORATION LIMITED

NOTES TO FINANCIAL STATEMENT (Continued)

Fifty-one months from May 1, 1959 to July 31, 1963

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200,000 shares @15¢ within six months of the date
of the underwriting agreement,
200,000 shares @17½¢ within nine months,
200,000 shares @20¢ within twelve months,
200,000 shares @25¢ within fifteen months.

In consideration for consultations, information and advice regarding the said claims, the company is also to receive up to \$15,000.00 cash from the new company, being \$5,000.00 out of the proceeds of each of the first three options, if exercised, or a proportionate amount if exercised in part.

Upon completion of the matters contemplated by this agreement, the company is required to transfer to the other party thereto 360,000 escrowed shares out of the 900,000 shares which it is to receive from the new company.

The book value (cost) of the 38 claims is \$1,292.00, and the company's exploration and development expenditures thereon to date amount to \$146,650.31.

3. Capital stock issued consists of the following:

	<u>No. of Shares</u>	<u>Par Value</u>
Balance, April 30, 1959	1,586,348	396,587.00
Issued during period, for cash at par	<u>200,000</u>	<u>50,000.00</u>
Balance, July 31, 1963.	<u>1,786,348</u>	<u>\$446,587.00</u>

4. Upon default by the company on payment of the mortgage on its laboratory property, this asset was forfeited under the terms of the mortgage, and the resultant loss was as follows:

Cost of laboratory and equipment.	55,507.34
<u>Less</u> Mortgage principal and interest owing.	<u>53,000.00</u>
Loss on foreclosure	<u>\$2,507.34</u>

ANDOVER MINING & EXPLORATION LIMITED

STATEMENT OF DEFICIT

Fifty-one months from May 1, 1959 to July 31, 1963

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Deficit at beginning of period			122,872.45
Mining claims and option abandoned	102,343.00		
Expenditures incurred thereon transferred from deferred expenditures.		529.45	
Loss on foreclosure of mortgage on laboratory (note 4)		2,507.34	
Laboratory expenses transferred from deferred expenditures		13,119.07	
Investments in other mining and oil companies written down to nominal value.		1,982.50	
Investment in subsidiaries written down to nominal value (note 1).	258,041.57		
<u>Less</u> Deficit of subsidiaries included in balance at beginning of period. . .	<u>215,072.58</u>	<u>42,968.99</u>	<u>163,450.35</u>
			286,322.80
<u>Deduct</u> Recovery of prior periods' oil participation expense.			<u>894.37</u>
<u>Deficit at end of period</u>			<u>\$285,428.43</u>

ANDOVER MINING & EXPLORATION LIMITED

STATEMENT OF DEFERRED EXPENDITURES

Fifty-one months from May 1, 1959 to July 31, 1963

	-0- Balance at beginning of period	Expenditures during period	Balance at end of period
<u>Exploration and development:</u>			
<u>Temagami:</u>			
Consulting	1,675.00		1,675.00
Diamond drilling	10,184.25		10,184.25
Engineering expense	50.00		50.00
Government fees and taxes	49.50	43.22	92.72
Sundry	151.00		151.00
Transportation	1,086.03		1,086.03
	<u>13,195.78</u>	<u>43.22</u>	<u>13,239.00</u>
<u>Townships 168 and 175 (note 2):</u>			
Assays	695.01	1,370.58	2,065.59
Consulting	3,080.00	6,265.75	9,345.75
Diamond drilling	51,120.48	66,743.47	117,863.95
Engineering expense	358.50	845.00	1,203.50
Government fees and taxes	27.50	860.53	888.03
Line cutting		110.00	110.00
Postage, telephone and telegraph	322.47	871.84	1,194.31
Prefabricated building	427.27		427.27
Rental of equipment		436.20	436.20
Sundry	298.05	521.05	819.10
Supplies		1,015.06	1,015.06
Transportation	3,610.32	5,485.03	9,095.35
Wages		2,186.20	2,186.20
	<u>59,939.60</u>	<u>86,710.71</u>	<u>146,650.31</u>
<u>Moss Township:</u>			
Government fees and taxes	217.88	1,001.76	1,219.64
<u>Dupont Township:</u>			
Engineering expense		529.45	529.45
<u>General:</u>			
Engineering expense	150.00	25.00	175.00
Government fees and taxes		83.22	83.22
Miners' licenses	100.00	200.00	300.00
Reports	1,085.00		1,085.00
Sundry	261.93	441.25	703.18
Transportation	810.00	20.00	830.00
Workmen's compensation	613.68		613.68
	<u>3,020.61</u>	<u>769.47</u>	<u>3,790.08</u>
Carried forward	\$76,373.87	\$89,054.61	\$165,428.48

ANDOVER MINING & EXPLORATION LIMITED

STATEMENT OF DEFERRED EXPENDITURES (Continued)

Fifty-one months from May 1, 1959 to July 31, 1963

	-0- Balance at beginning of period	Expenditures during period	Balance at end of period
Brought forward.	<u>76,373.87</u>	<u>89,054.61</u>	<u>165,428.48</u>
<u>Laboratory:</u>			
Appraisal.		100.00	100.00
Mortgage interest.	3,150.00	6,039.45	9,189.45
Municipal taxes.	<u>1,164.20</u>	<u>2,665.42</u>	<u>3,829.62</u>
	<u>4,314.20</u>	<u>8,804.87</u>	<u>13,119.07</u>
<u>Administration:</u>			
Administration fee	5,260.00	8,250.00	13,510.00
Annual report.	1,752.11	1,223.57	2,975.68
Audit.	1,504.00	1,350.00	2,854.00
Bad debt expense	400.00		400.00
Bank charges	125.11	37.60	162.71
Directors' fees.	6,800.00	3,550.00	10,350.00
Executive salary	7,380.00	7,000.00	14,380.00
Government fees and taxes.	302.10	381.30	683.40
Insurance.	160.69	79.04	239.73
Legal.	8,456.85	3,150.00	11,606.85
Postage, telephone and telegraph . .	175.38	779.05	954.43
Prospectus, filing fee and expenses.	200.00	726.88	926.88
Stationery	159.33	440.07	599.40
Sundry		190.44	190.44
Supplementary Letters Patent	835.00		835.00
Transfer agents' fees and expenses .	4,512.96	7,235.19	11,748.15
Travel	<u>2,131.55</u>	<u>5,806.06</u>	<u>7,937.61</u>
	<u>40,155.08</u>	<u>40,199.20</u>	<u>80,354.28</u>
<u>Deduct Transfers to deficit:</u>			
Total expenditures of predecessor companies.	32,092.49		32,092.49
Laboratory expenses.	4,314.20	8,804.87	13,119.07
Expenditures on mining claims abandoned.		<u>529.45</u>	<u>529.45</u>
	<u>36,406.69</u>	<u>9,334.32</u>	<u>45,741.01</u>
Deferred expenditures at end of period	<u>\$84,436.46</u>	<u>\$128,724.36</u>	<u>\$213,160.82</u>

